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CONFLICT OF LAWS — RIGHTS AND OBLIGATIONS OF FOREIGN CORPORATIONS — APPOINTMENT OF RECEIVER FOR LOCAL PROPERTY OF FOREIGN CORPORATION. — A New York corporation was doing business in Connecticut. A Connecticut court appointed a receiver for the assets located in that state. The plaintiff, a receiver appointed in New York, seeks to recover the assets, claiming that the Connecticut appointment was invalid. *Held*, that the plaintiff may not recover. *Lowe v. R. P. K. Pressed Metal Co.*, 99 Atl. 1 (Conn.).

It is elementary that no court has jurisdiction to dissolve a foreign corporation. *Merrick v. Van Santvoord*, 34 N. Y. 208. But the appointment of a receiver does not dissolve a corporation. Indeed, in the absence of a statute, a court of equity, which is the court that appoints receivers, cannot dissolve even a domestic corporation. *Elizabeth Gas Light Co. v. Green*, 46 N. J. Eq. 118, 18 Atl. 844. Therefore in view of the plenary jurisdiction which a state has over all property in it, it seems clear that a receiver may be appointed to take charge of those assets of a foreign corporation which are within the state. *Holbrook v. Ford*, 153 Ill. 633, 643, 39 N. E. 1091, 1094; *Shinney v. North American, etc. Co.*, 97 Fed. 9. *Cf. In re Commercial Bank*, 33 Ch. D. 174. One state court holds the contrary; but the decision is based on a local statute. *Stafford v. American Mills Co.*, 13 R. I. 310. Moreover, even in that state it has been held that an ancillary receiver may be appointed. *Evans v. Pease*, 21 R. I. 187, 42 Atl. 506. Such an appointment raises practically the same question as to the jurisdiction of the appointing court; for an ancillary receiver is as much an officer of the court as an original one. *Sands v. Greeley*, 88 Fed. 130. The result of the principal case, therefore, seems clearly in accord with authority.

CONFLICT OF LAWS — WHETHER A SHAREHOLDER IN A CORPORATION IS BOUND BY THE LAWS OF THE STATE OF INCORPORATION OR OF THE STATE IN WHICH BUSINESS IS CONDUCTED. — An Arizona corporation was formed under the laws of that state exempting stockholders from individual liability for corporate debts. The charter provided that business might be transacted in any other state or territory as the Board of Directors might direct. A suit is brought against the holder of some of the stock on a debt incurred in the prosecution of the corporate business in the state of California. The creditor relies on the provisions of the California Constitution and Code that every shareholder in a corporation is individually liable for such proportions of its debts, incurred while he was a shareholder, as the amount of his stock bears to the subscribed capital stock of the corporation. CONST., Art. 12, § 3; CIV. CODE, § 322. The same liability attaches whether the corporation is foreign or domestic. CONST., Art. 12, § 15; CIV. CODE, § 322. *Held*, that the shareholder is liable. *Provident Gold Mining Co. v. Haynes*, 159 Pac. 155 (Cal.)

When an individual becomes a member of a corporation he manifestly contemplates that the corporation will conduct its affairs according to the laws of the power giving corporate existence. Hence he must, of necessity, consent to be bound by those laws. Therefore, as a general proposition, the law of the jurisdiction granting the charter regulates the liability of a shareholder. *Flash v. Conn.*, 109 U. S. 371; *Bernheimer v. Converse*, 206 U. S. 516, 529; *Hancock Nat. Bank v. Ellis*, 172 Mass. 39, 51 N. E. 207; BEALE, FOREIGN CORPORATIONS, § 445. For the same reason, if the corporation is specifically authorized to act in given jurisdictions, the shareholder binds himself according to their laws. *Thomas v. Mathieson*, 232 U. S. 221; *Pinney v. Nelson*, 183 U. S. 144, 151. But an English case has decided that assent, sufficient to bind the stockholder by the laws of the foreign jurisdiction, is given only when such jurisdiction is specifically designated, and that a general assent, to be particularized by the directors as in the principal case, is not capable of such effect. *Risdon Iron & Locomotive Works v. Furness*, [1905] 1 K. B. 304, affirmed [1906] 1 K. B. 49. Similarly cases hold that a married woman's liability on a

negotiable instrument is determined by the law of the jurisdiction in which it is negotiated only if special reference is made to the place of negotiation. *Hauck v. Sharpe*, 83 Mo. App. 385; *Union Nat. Bank v. Chapman*, 169 N. Y. 538, 62 N. E. 672. Whether this distinction is justified, namely, that a general assent to the laws of whatever jurisdictions others may determine is no assent to the jurisdictions finally settled upon, would seem to be a question of fact incapable of productive argument. It is probable that the stockholder was a resident of California. If so, it is obvious that the only limitation to the effectiveness of California's laws over him would be the federal and its own constitutions, and the case would be clear. MINOR, CONFLICT OF LAWS, § 2, III. But the court's opinion neither proceeded upon this ground nor stated the facts necessary for it.

CONSTITUTIONAL LAW — PERSONAL RIGHTS — IMPRISONMENT FOR DEBT — VALIDITY OF ORDINANCE MAKING DEBT A CRIME. — A city ordinance made it a misdemeanor to refuse to pay taxicab hire. The defendant was charged with a violation of the ordinance. He sets up the prohibition in the state constitution against imprisonment for debt. *Held*, that the ordinance was unconstitutional. *Kansas City v. Pengilly*, 189 S. W. 380 (Mo.).

Failure to pay the fine for a misdemeanor results in imprisonment under the law of Missouri. But while the imprisonment is directly predicated on the misdemeanor and the fine, this is but an indirect method of imprisonment for debt. See *Lamar v. State*, 120 Ga. 312, 47 S. E. 958; *Ex parte Milecke*, 52 Wash. 312, 100 Pac. 743, 744. Cf. *United States v. Reynolds*, 235 U. S. 133. It is true that not all debts are within the meaning of the constitution. Thus, taxes are not included. *Rosenbloom v. State*, 64 Neb. 342, 89 N. W. 1053. Nor are judgment debts in tort actions. *Ex parte Berry*, 85 S. C. 243, 67 S. E. 225. *Contra, Bronson v. Syverson*, 88 Wash. 264, 152 Pac. 1039. But debts arising out of contract must clearly fall within the immunity. And so the principal case is supported by the weight of authority. *Ex parte Crane*, 26 Cal. App. 22, 145 Pac. 733; *State v. Paint Rock Coal & Coke Co.*, 92 Tenn. 83, 20 S. W. 499. *Contra, Bray v. State*, 140 Ala. 172, 37 So. 250. Undoubtedly the purpose of the statute was to prevent fraud, but its language was by no means so limited. It is of course obvious that the state may punish fraud even though arising out of contract. *Ex parte Milecke, supra*; *State v. Yardley*, 95 Tenn. 548, 32 S. W. 481. But see *Carr v. State*, 106 Ala. 35, 17 So. 350. For fraud is a distinct injury to the state. The present universality of the crime of obtaining goods or money under false pretenses makes the step easy. But one state has likewise allowed imprisonment, in spite of a constitutional provision, for failure to pay a debt when the ability to pay existed. *Ex parte Clark*, 20 N. J. L. 648. It seems extremely doubtful whether stubbornness in refusing to pay a debt can possibly be classed as an injury to the state distinct from the failure in general of paying one's debts. It may be that the statute in question can be supported on the grounds of police power. An Alabama case, dealing with licensed vehicles, has so held. *Bray v. State, supra*. Whether such holding is correct must depend on the view of the court of the necessity for the public welfare of the statute in question. Cf. *State v. Missouri Pacific R. Co.*, 242 Mo. 356, 147 S. W. 118.

CONSTITUTIONAL LAW — POWER OF ADMINISTRATIVE COMMISSION TO DECLARE A STATUTE UNCONSTITUTIONAL. — A statute passed by the Philippine legislature required certain steamship lines to carry mail free of charge. A complaint was filed with the Philippine Public Utility Commission setting forth the defendant's refusal to comply. The defense was the unconstitutionality of the statute. *Held*, that the Commission had no power to consider the question of the constitutionality of the statute. *Director of Posts v. Inchausti & Co.*, P. U. R. 1916 E, 849.

For a discussion of the principles involved, see NOTES, p. 386.